MINISTRY OF ECONOMY AND FINANCE OF THE REPUBLIC OF UZBEKISTAN

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UZBEKISTAN

JULY 2021 SDG BOND

FINAL ALLOCATION AND IMPACT REPORT

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FOREWORDS

Uzbekistan is decisively moving towards further economic openness and strengthening its presence in international capital markets. In recent years, the government has undertaken comprehensive reforms to bolster the country's long-term growth.

These reforms span various domains, including public administration, the rule of law, the judiciary, and economic and social sectors. They also encompass security improvements and a more open foreign policy approach.

The primary aim of these reforms is to bridge social disparities and build a robust economy. This includes poverty reduction, improving living standards, promoting health, advancing quality education, achieving gender equality, ensuring clean water access, encouraging decent work and economic growth, and enhancing infrastructure resilience.

Uzbekistan has formulated a clear vision for sustainable economic resource utilization through extensive reforms. The government has created a sustainability model with 16 national Sustainable Development Goals (SDGs) aligned with the 'Transforming Our World: The 2030 Agenda for Sustainable Development,' adopted by the United Nations in 2015. This underscores Uzbekistan's commitment to the SDGs.

Realizing these goals necessitates significant investments in various economic sectors and critical infrastructure areas. The 'Development Finance Assessment for the Republic of Uzbekistan' conducted in 2020 with the support of UNDP estimates that additional annual investments of USD 6 billion are required to achieve the national SDGs.

To secure funding, Uzbekistan is exploring new financial mobilization strategies, including issuing thematic bonds. These bonds aim to attract international investors and align with international and national transparency and ESG principles.

In July 2021, Uzbekistan issued its first SDG bond in local currency, totalling UZS 2.5 trillion, with a 3-year term and a 14,00% coupon rate. This was the first SDG bond from a CIS and CEEMEA country and the second globally. The funds were earmarked for development projects such as constructing and renovating schools, kindergartens, health facilities, water and sewage systems, irrigation networks, and expanding green transportation.

This successful debut issuance of SDG Bond was followed by the first issuance of country's Green Bond in 2023 raising an amount of UZS 4.25 trillion and the second SDG Bond issuance in 2024 raising an amount of EUR 600 million.

Issuing these sovereign financial instruments highlights Uzbekistan's dedication to sustainable projects and facilitates attracting diverse investors and mobilizing new financial resources as well as helps bridge gaps in achieving resilience, sustainability, and prosperity. These instruments are supported by strong governance structures ensuring transparency, planning, and monitoring, and are aligned with international standards and third-party validation.

The Ministry of Economy and Finance (MoEF) of the Republic of Uzbekistan extends its sincere gratitude to the Citi Group team and UNDP Uzbekistan team for their unwavering support in the country's debut issuance of SDG Bond and post-issuance reporting. The MoEF highly appreciates the Citi Group and UNDP teams' dedication and looks forward to continuing fruitful cooperation and expanding its partnership in future endeavours.

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ABBREVIATIONS

BCG	Bacilli Calmette-Guerin
BTI	Bertelsmann Transformation Index
CIS	Commonwealth of Independent States
DT	Diphtheria-Tetanus
CA	Circa
CEEMEA	Central and Eastern Europe Middle East and Africa
DTC	Depository Trust Company
DTP	Diphtheria-Tetanus-Pertussis
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GISDA	Global Investors for Sustainable Development Alliance
HA.	Hectare
HBV	Hepatitis B
HIB	Haemophiles Influenzae Type B
HPV	Human Papillomavirus
ICMA	International Capital Market Association
IFI	International Financial Institution
IPV	Inactivated Poliovirus
JSC	Joint Stock Company
KM	Kilometre
M.C / HA	Metric centner per hectare (1 metric centner = 100 kg)
MMR	Measles, Mumps and Rubella
MoEF	Ministry of Economy and Finance
MUFG	Mitsubishi UFJ Financial Group
N/A	Not Available
NDC	Nationally Determined Contributions
NO.	Number
OPV	Oral poliovirus vaccines
P.A	Per annum
PDD	Public Debt Department
PM	Particulate Matter
PPP	Public-Private Partnerships
PQ	Piquet (1 PQ = 100 metres)
SCD	Systemic Country Diagnosis
SDG	Sustainable Development Goals
SES	Sanitary and Epidemiological Service
SME	Small and Medium-sized Enterprises
SPO	Second Party Opinion
SR	Sarampion/Rubeola (Measles/Rubella)
TB	Tuberculosis
UN	United Nations
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
US$	United States Dollar
UZS	Uzbekistan Soums

EXECUTIVE SUMMARY

In 2021, Uzbekistan issued its inaugural Sustainable Development Goals Bond, demonstrating the country's commitment to achieving the United Nations' 2030 Agenda for Sustainable Development. This report outlines the allocation of funds raised through the bond issuance and highlights the impact of funded projects across various sectors.

SDG BOND ISSUANCE

Total amount raised: UZS 2.5 trillion

Bond tenor: 3 years

Coupon rate: 14.0%

Issue date: July 12, 2021

ALLOCATION OF FUNDS

The proceeds from the SDG Bond have been allocated to projects across multiple sectors, aligned with specific SDGs:

Irrigation (SDG 2) - Sustainable Water Supply and Wastewater Management and Flood Defence Systems:

Percentage of total allocation: 1.6%

Key projects: Reconstruction and improvement of existing irrigation systems and infrastructure.

Healthcare (SDG 3) - Access to Essential Health Services:

Percentage of total allocation: 21.7%

Key projects: Building new hospitals, modernization of existing health facilities, upgrading medical equipment, improving rural healthcare access

Education (SDG 4) - Access to Education:

Percentage of total allocation: 17.6%

Key projects: Construction of new schools and kindergartens, modernization of existing educational facilities

Water and Sanitation (SDG 6) - Sustainable Water Supply and Wastewater Management and Flood Defence Systems:

Percentage of total allocation: 5.2%

Key projects: Expansion of clean water access and wastewater treatment facilities

Green Transportation (SDG 9) - Delivery of Essential and Clean Transportation Services:

Percentage of total allocation: 54.0%

Key projects: Expansion of Tashkent city metro

IMPACT ASSESSMENT (2021-2024)

The funded projects have demonstrated significant progress towards achieving the targeted SDGs:

Irrigation (SDG 2):

Length of canals reconstructed (km): 98.34

Land affected (ha): 96 881

Average productivity growth rate: 13.0%

Volume of water saved per year (m^3 per year): 52 165 000

Healthcare (SDG 3):

Total number of patients treated: 1 534 206

Total number of people benefited from the projects: 14 972 453

Total new build area (m^2): 30 761

Total renovated area (m^2): 144 684

Total number of new beds: 2 107

Total number of renovated beds: 3 288

Total number of jobs created: 1 965

Total vaccine application: 14 525 490

Education (SDG4):

Total number of new jobs created: 4 880

Total number of new seats created: 16 169

Total number of renovated seats: 22 255

Total new build area (m^2): 108 293

Total renovated area (m^2): 115 406

Total number of students and kids graduated: 9 511

Total number of people benefiting from the projects: 293 827

Total number of students enrolled in higher education: 2 040

Total number of kids progressed to primary education: 4 035

Water and Sanitation (SDG 6):

Volume of clean drinking water supplied since the project started till June 1, 2024 (m^3): 25.8 M

Volume of treated wastewater since the project started till June 1, 2024 (m^3): 5.6 M

Length of drinking water pipelines constructed (km): 167.19

Length of wastewater pipelines (sewage) constructed (km): 19.00

Number of additional people covered by construction: 139 193

Length of drinking water pipelines reconstructed (km): 20.60

Length of wastewater pipelines (sewage) reconstructed (km): 17.28

Number of people covered by reconstruction (with improved facilities): 33 100

Green Transportation (SDG 9):

Quantity of stations: 21

Length of lines (km): 33.1

Average number of passengers served (daily): 213 134

Avoided GHG emission (est. daily ton): 620 to 1086

GOVERNANCE AND MONITORING

Establishment of a dedicated SDG Bond Committee to oversee fund allocation and project implementation.

Regular audits and impact assessments conducted in-house and by independent third-party evaluators.

Transparent reporting mechanisms to ensure accountability and stakeholder engagement.

CHALLENGES

Market Familiarity: As a relatively new entrant in the SDG bond market, Uzbekistan faced the challenge of gaining investor confidence and familiarity with its economic and governance structures.

Regulatory Framework: Establishing a robust regulatory and reporting framework to ensure transparency and accountability in the use of proceeds was crucial.

Economic Conditions: The global economic environment, including the impacts of the COVID-19 pandemic, posed additional risks and uncertainties for investors.

Sustainability Metrics: Defining and measuring the impact of the projects funded by the SDG bonds required clear and credible sustainability metrics.

FUTURE OUTLOOK

Sustainable Development: The bond funded various projects aligned with the UN's Sustainable Development Goals, accelerating Uzbekistan's progress in areas such as education, healthcare, and environmental protection. The validation of this progress with the first issuance of an SDG Bond, further raised expectations in future issuances. These were partially achieved with the first issuance of Green Bonds in 2023 and a second issuance of SDG Bonds in 2024.

International Investment: The successful issuance of the 2021 SDG Bond attracted more foreign investors, leading to increased capital inflows and economic growth in Uzbekistan, as the results of the country's thematic bond issuances in 2023 and 2024 demonstrate.

Market Credibility: This bond issuance enhanced Uzbekistan's credibility in international financial markets, leading to improved credit ratings and lower borrowing costs in the future, as happened in subsequent issuances.

Sustainable Finance: The 2021 SDG Bond issuance established a precedent for current and future green and sustainable finance initiatives in Uzbekistan, encouraging more socially and environmentally friendly investments.

Economic Reforms: The bond issuance was part of broader economic reforms in Uzbekistan, signalling the country's commitment to modernization and integration into global financial markets.

Transparency: To maintain investor confidence, Uzbekistan demonstrated transparency in the use of funds and progress on SDG-related projects, leading to improved monitoring and governance practices.

CONCLUSION

The Uzbekistan 2021 SDG Bond has successfully channelled funds into critical sustainable development projects, demonstrating tangible progress across multiple SDGs. The government remains committed to transparent reporting and continuous improvement in its sustainable finance initiatives, setting a positive example for other emerging economies in the pursuit of the 2030 Agenda for Sustainable Development.

INTRODUCTION

In 2021, Uzbekistan made history by becoming the first country in the Commonwealth of Independent States (CIS) and in Central and Eastern Europe, Middle East and Africa (CEEMEA) to issue a Sovereign Sustainable Development Goals Bond. The adoption of this ground-breaking financial instrument of sustainable finance represents a significant milestone in the nation's commitment to achieve sustainable growth through the United Nations' 2030 Agenda for Sustainable Development. At the same time, as already revealed by the literature[1], it allows the country to increase the potential base of its sources of financing for sustainable development, showcasing its innovative approach to financing critical development projects, and deepen the credibility of its integration in international capital markets, which can be followed by other countries.

This report aims to provide a comprehensive overview of the allocation of funds raised through the 2021 SDG Bond issuance and the subsequent impact of these investments on Uzbekistan's progress towards its sustainability goals. By detailing the projects funded and their outcomes, the national authorities seek to offer transparency to investors, policymakers, and the public while highlighting the tangible benefits of this pioneering financial initiative in the country.

CONTEXT AND BACKGROUND

Uzbekistan, like many developing nations, faces numerous challenges in its pursuit of sustainable development. These challenges span across various sectors, including education, healthcare, environmental protection, and economic growth. The decision to issue an SDG Bond was born out of the recognition by the national authorities that traditional funding sources alone would be insufficient to address these complex issues and achieve the ambitious targets set by the UN's Sustainable Development Goals.

The bond issued on July 12, 2021, included two transactions, with a first tranche of $635 million with a 10-year maturity at a coupon rate of 3.9% p.a. being conventional bond and a second tranche of UZS 2.5 trillion (~US$ 235 million) with a 3-year maturity at a coupon rate of 14% p.a. being labelled as debut sovereign SDG bonds. This successful issuance not only provided Uzbekistan with much-needed capital but also signalled the country's commitment to aligning its development strategy with global sustainability objectives and to its integration into the international capital markets through sustainable finance instruments. It was also a major achievement in the UZS capital market. Compared to its inaugural UZS issuance in November 2020, the Republic increased the new issue size by 25%, and at the same time lowered the coupon rate representing a strong progress on the previous November 2020 DFI bond. The bond's oversubscription of 3.5x by international investors further underscored the growing appetite for sustainable investments and the confidence in Uzbekistan's development trajectory.

REPORT STRUCTURE AND OBJECTIVES

This report is structured to provide a clear and detailed account of how the funds raised through the Uzbekistan 2021 SDG Bond have been allocated and the impact they have generated. The following chapters will delve into:

[1] See, as example, ten Bosch, E; van Dijk, M.; Schoenmaker, D. (2022) – Do the SDGs affect sovereign bond spreads? First evidence. Rotterdam School of Management Working Papers: Rotterdam.

1. SDG Bond Framework: A comprehensive summary of the country's SDG Bond Framework that enabled this bond issuance by Uzbekistan as well as its allocation and impact reports.

2. Bond Issuance: A brief recap of the bond issuance process, including key financial details and investor demographics.

3. Bond Allocation Report: A comprehensive breakdown of how the proceeds from the 2021 SDG Bond issuance have been distributed across various projects and initiatives and are aligned with specific SDGs.

4. Bond Impact Report: An analysis of the effective social, environmental, and economic impacts of the funded projects, using both quantitative metrics and qualitative assessments.

5. Case Studies Highlights: Detailed case studies of selected projects, showcasing their objectives, implementation progress, and preliminary outcomes.

6. Challenges and Lessons Learned: A candid discussion of the obstacles encountered during implementation and the valuable insights gained from this pioneering initiative.

7. Future Outlook: An exploration of how this bond issuance fits into Uzbekistan's broader sustainable development strategy and plans for future sustainable financing initiatives.

8. Conclusion: A summary of key findings and reaffirmation of Uzbekistan's commitment to sustainable development.

By providing this comprehensive overview, this report aims to:

1. Ensure transparency and accountability in the use of funds raised through the SDG Bond.

2. Demonstrate the tangible impact of sustainable financing on Uzbekistan's development trajectory.

3. Share best practices and lessons learned with other nations considering similar financial instruments.

4. Engage stakeholders, including investors, development partners, and civil society, in Uzbekistan's sustainable development journey.

As this report is being presented, readers are invited to consider not only the immediate impacts of the projects funded but also the long-term implications of this innovative approach to development financing. The Uzbekistan 2021 SDG Bond represents more than just a financial transaction; it is a testament to the country's vision for a sustainable future and its willingness to embrace innovative solutions to complex challenges.

In the following pages, the report will take you on a journey through Uzbekistan's efforts to translate the promise of sustainable finance into concrete actions and measurable impacts. We hope that this report will not only inform but also inspire further collaboration and innovation in the pursuit of a more sustainable and prosperous future for all.

SDG BOND FRAMEWORK

Prior to the issuance of its first sovereign thematic bond, the Government of Uzbekistan approved and published in July 2021 the SDG Bond Framework for the country.[2] With this framework, the Government signalled to capital markets and potential investors its intention to use SDG-related thematic sovereign bonds to finance and/or refinance the development of projects with positive social and environmental impacts in alignment with the UN 2030 Agenda for Sustainable Development. To this end, the national authorities designed the SDG Bond Framework of Uzbekistan under the guidance of the best international standards and practices for the issuance of thematic bonds and with the collaboration of international regulatory bodies of these standards, namely with the Green Bond Principles (GBP)[3], Social Bond Principles (SBP)[4] and Sustainability Bond Guidelines (SBG)[5]. Uzbekistan's SDG Bond Framework has adopted all four core components of the principles administered by the International Capital Market Association (ICMA) for the issuance of thematic bonds and external reviews:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

USE OF PROCEEDS

In the country's SDG Bond Framework, the Government of Uzbekistan has committed to capital markets and potential investors to use proceeds from SDG-related sovereign thematic bond issuances to finance or refinance projects that aim to advance the national development plan's targets aligned with the national targets for SDGs, based on a list of Eligible SDG Expenditure categories and a list of excluded activities. Among the Eligible SDG Expenditure categories of thematic areas defined by the national authorities in the Uzbekistan's SDG Bond Framework are:

- Access to Education
- Sustainable Water Supply and Waste-Water Management and Flood Defence Systems
- Access to Essential Health Services
- Delivery of Essential and Clean Transportation Services
- Pollution Prevention and Control
- Sustainable Management of Living Natural Resources and Land Use
- Clean and Efficient Energy Production and Consumption

The types of Eligible SDG Expenditures defined by the national authorities in Uzbekistan's SDG Bond Framework are:

- **Investment Expenditures**: capital investments, including facilities, structures, networks systems, plant property, equipment or physical assets

[2] Republic of Uzbekistan (2021) – SDG Bond Framework. Ministry of Finance: Tashkent.

[3] ICMA (2021), https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green -Bond Principles-June-2021-140621.pdf

[4] ICMA (2021), https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social -Bond-Principles-June-2021-140621.pdf

[5] ICMA (2021), https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/ Sustainability-Bond-Guidelines-June-2021-140621.pdf

- **Subsidies, Grants and Loans**: Financial incentives in the forms of grants or lower interest rate loans to guarantee basic services
- **Tax Expenditures**: Tax forfeitures and any exceptions to normal taxation policies (including rates, fiscal base) to pursue or encourage social or environmental objectives
- **Operating Expenditures**: Expenditures from Central Government to run public services and provide public goods. These expenditures are restricted to direct costs associated with Eligible Expenditures
- **Intervention Expenditures**: Financial Transfers or contributions from Central Government to public entities with their own legal status. For example, state-owned enterprises and Public-Private Partnerships (PPPs)

Finally, Uzbekistan's SDG Bond Framework clearly excludes some activities from being financed by proceeds from the issuance of SDG-related thematic sovereign bonds, namely:

- Exploration, production or transportation of fossil fuels
- Generation of nuclear power
- Alcohol, weapons, tobacco, palm oil, cattle / beef production, conflicted minerals or adult entertainment industries

In addition to this, the national authorities have committed to scrutinize all expenditure to ensure that it does not involve any of the following activities:

- Deforestation or degradation of biodiversity
- Child labour or forced labour
- Breach of anti-corruption laws, and all environmental, social and governance laws, policies and procedures

As this report will show, the national authorities strictly observed its commitments to the eligibility criteria in the selection of projects for financing by the net proceeds of the 2021 SDG Bond issuance. All selected projects fall into one of the following Eligible Expenditure categories included in Uzbekistan's SDG Bond Framework:

- Reconstruction of irrigation systems *Sustainable Water Supply and Waste-Water Management and Flood Defence Systems*
- Construction and reconstruction of hospitals *Access to Essential Health Services*
- Children's vaccination programme *Access to Essential Health Services*
- Construction and reconstruction of schools *Access to Education*
- Construction and reconstruction of kindergartens *Access to Education*
- Construction and reconstruction of drinking water facilities and sewage systems *Sustainable Water Supply and Waste-Water Management and Flood Defence Systems*
- Construction of overground and underground metro in the capital city *Delivery of Essential and Clean Transportation Services*

PROCESS FOR PROJECT EVALUATION AND SELECTION

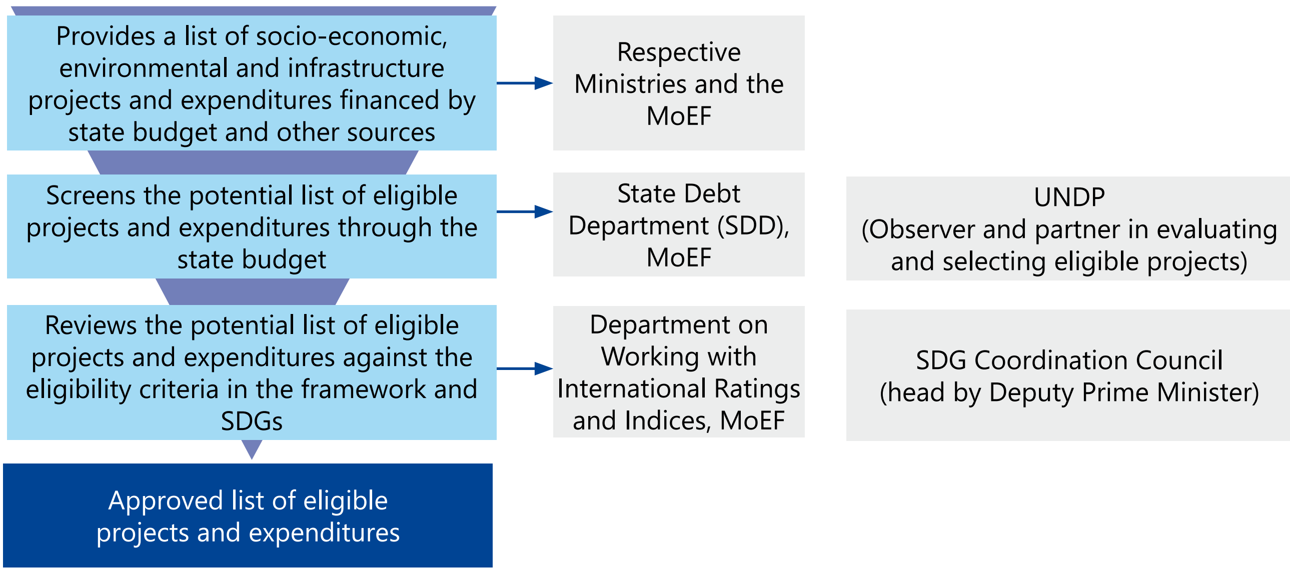
The national authorities of Uzbekistan have committed and led to the implementation of a transparent process for the preparation, evaluation and selection of projects among those potentially eligible, in line with the financeable thematic areas, Eligible SDG Expenditures and exclusion criteria defined in Uzbekistan's SDG Bond Framework. The Ministry of Economy and Finance (MoEF), through its State Debt Department (SDD), is the main unit responsible for supervising the evaluation and selection processes of the projects and respective proposal reports. It also guides, as expected by the SDG Bond Framework, the relevant ministries for the eligible sustainable thematic areas in the preparation of the projects to be submitted for financing by the proceeds of the SDG Bond issuance.

As a preliminary step to the evaluation and selection process, the MoEF has created an online digital tool for the submission of projects in accordance with the transparency requirements and obligations defined by Uzbekistan's SDG Bond Framework. This tool specifies the need of alignment with the exclusion criteria, eligible sustainable thematic areas and themes and eligible expenditure, as well as a set of proposed key performance indicators through which the impact of projects on SDGs can be measured. With it, the MoEF was able to invite simultaneously all line ministries and agencies with relevance to the eligible sustainable thematic areas to submit their projects in a standardized manner and to carry out an objective and transparent analysis and evaluation of the submitted projects in relation to the defined selection criteria.

Arising from the submission of project proposals by the relevant line ministries for the seven core thematic areas of the Uzbekistan's SDG Bond Framework, a long list of project proposals was brought through the evaluation and selection process, with the supervision of UNDP and the MoEF. This long list of projects submitted by the relevant line ministries, together with their detailed descriptions, have been shortlisted and prioritized according to the eligible criteria defined by the SDG Bond Framework and priority themes chosen for the July 2021 issuance.

The final list of projects selected by the evaluation and selection process was approved by the SDG Coordination Council, created under Uzbekistan's Agenda 2030 and led by the country's Deputy Prime Minister. The selected projects were included in an SDG Bond Register managed by the State Debt Department of the Ministry of Economy and Finance, as part of the monitoring and review system defined by the SDG Bond Framework.

Project Evaluation and Selection[6]



[6] 2021. Republic of Uzbekistan SDG BOND FRAMEWORK. Ministry of Economy and Finance of the Republic of Uzbekistan.

MANAGEMENT OF PROCEEDS

Considered the final list of selected projects by the evaluation and selection process and approved by the SDG Coordination Council, an equivalent amount to the net proceeds of the 2021 SDG Bond issuance was allocated to Eligible SDG Expenditures. Uzbekistan managed to allocate 100% of the SDG Bond net proceeds within 12 months from the date of issuance.

The MoEF oversaw the allocation and tracking of expenditures on Eligible Expenditures up to an amount equal to the net proceeds of SDG Bond issued. The proceeds of SDG Bonds were deposited in the general funding accounts and earmarked for allocation.

Uzbekistan established an SDG Bond Register to manage the proceeds allocation of each SDG Bond, and make sure that the proceeds are used in accordance with this framework. The SDG Bond Register was reviewed annually by the MoEF. The Register contains all relevant information including:

- Summary of projects details
- Amount of proceeds allocated to each Eligible Expenditure
- Expected environmental and /or social impacts of Eligible Expenditures
- Aggregate amount of proceeds of SDG Bond allocated to Eligible Expenditures
- Remaining balance of unallocated proceeds
- Other necessary information so that the aggregate of issuance proceeds allocated to the Eligible Expenditures is always recorded

The respective ministries utilizing the proceeds tracked, monitored and reported to the MoEF and the SDG Coordination Council the environmental and social benefits of the Eligible Expenditures in their portfolio, which are funded by SDG Bonds.

There were no cases of asset divestment or where projects ceased to be eligible, therefore MoEF had no need to mark the proceeds as “unallocated” until the proceeds are used to finance and / or refinance other eligible expenditures.

REPORTING

Under its SDG Bond Framework, Uzbekistan committed to provide investors with both Allocation and Impact Reporting on an annual basis in an open and public portal. The MoEF published in November 2022 the first Uzbekistan July 2021 SDG Bond Allocation and Impact Report[7] and made available for public access on MoEF portal. This report provided to investors the following allocation details among others:

- Net proceeds of outstanding 2021 SDG Bond
- Aggregate amount of net proceeds allocated to Eligible SDG Expenditure categories
- Examples of social or environmental projects from each Eligible SDG Expenditure categories
- The proportional allocation of proceeds between existing projects and new projects

It also provided to investors details on the economic, social and environmental impacts of the Eligible Expenditures, according to available and relevant data on impact metrics.

[7] Republic of Uzbekistan (2022) – Uzbekistan July 2021 SDG Bond Allocation and Impact Report. Ministry of Economy and Finance: Tashkent.

Unfortunately, for unforeseen reasons, in 2023 the country was not able to publish the second 2021 SDG Bond Allocation and Impact Report. However, this final report reactivates the country's commitment to annual allocation and impact reporting for the 2021 SDG Bond issuance.

EXTERNAL REVIEW

As part of alignment with the ICMA principles, a Second Party Opinion (SPO) was sought prior to publication of the SDG Bond Framework. The purpose of this was to obtain an external review that confirmed that the framework complied fully with ICMA guidelines, amongst other things. The SPO provider, Sustainalytics, concluded that the SDG Bond Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021.

As part of Uzbekistan's commitments with post-issuance external review as defined in its SDG Bond Framework, for the 1st SDG Bond Allocation and Impact Report, the Annual Assurance Report from Sustainalytics was obtained and before launching this final report to the public, the MoEF had already requested to an external auditor an updated Annual Assurance Report on the allocation of the 2021 SDG Bond net proceeds to Eligible Expenditures and its impacts. This Assurance Report will integrate the final version for this year edition of the Uzbekistan's 2021 SDG Bond Allocation and Impact Report.

2021 SDG BOND ISSUANCE

BACKGROUND

The SDG bond issued by Uzbekistan on 12 July 2021 was the first step of a broader strategy to integrate sustainability into the nation's financing framework. The bond was designed to fund projects that contribute to achieving the SDGs. In Uzbekistan's SDG Bond Framework, national authorities have previously identified seven thematic areas to be financed by SDG Bonds based on national priorities for sustainable development, with priority given to the development challenges most in need of being addressed. Together, the proceeds from the SDG Bonds issuance will contribute directly or indirectly to the pursuit of eleven SDGs under the seven thematic areas previously defined:

- Access to Essential Health Services (SDG 3, 11 and 8)
- Access to Education (SDG 4, 3, 5 and 8)
- Sustainable Water Supply and Waste-Water Management and Flood Defence Systems (SDG 6, 2 and 3)
- Clean and Efficient Energy Production and Consumption (SDG 7, 8 and 11)
- Delivery of Essential and Clean Transportation Services (SDG 9 and 11)
- Pollution Prevention and Control (SDG 11, 3 and 15)
- Sustainable Management of Living Natural Resources and Land Use (SDG 11, 13 and 15)

ISSUANCE DETAILS

The first SDG bond issuance by Uzbekistan in 2021 had the following key details:

Currency: The SDG bond was denominated in Uzbek Soums.

Amount and Maturity: The SDG tranche was issued with an amount of UZS 2.5 trillion and a maturity of 3 years.

Interest Rate: The SDG tranche carried a fixed interest rate of 14% p.a. payable s/a, reflecting both the favourable market conditions and investor confidence in Uzbekistan's sustainable development initiatives.

Investor Types: The main group of investors was Asset Managers & Funds, representing about 92% of the total amount of proceeds from the SDG bond issuance. Insurers & Pensions Funds and Banks & PBs also participated in the issue, but only accounting for an average investment equivalent to 5% and 3%, respectively, of the total proceeds of the SDG bond issuance.

Investor Locations: the main location of investors in the 2021 SDG Bond was the UK (43%), followed by Continental Europe (24%) and the US (23%). This tranche received more attention from Asia & MENA Region investors than the tranche in US$, representing around 10% of the total amount of proceeds from the SDG bond issuance (compared to just 2% for the US$ bond).

For further details on the terms of Uzbekistan's 2021 SDG Bond issuance, see the tables below.

Table 1 Uzbekistan's 2021 dual-tranche conventional and SDG Bond key issuance terms

Issuer	The Republic of Uzbekistan	
Issue Ratings	BB- (S&P) / BB- (Fitch)	
Documentation	GMTN programme of the Issuer	
Status	Senior unsecured notes	
Format	Regulation S / Rule 144A	
Pricing Date	12 July 2021	
Settlement Date	19 July 2021	
Overall Size	Ca. US$ 870 million	
Denomination Currency	US Dollars (US$)	Uzbek Soum (UZS)
Tranche Size	US$ 635 000 000	UZS 2 500 000 000 (~US$ 235 million eqv.)
Tranche Maturity	10.25 years (19 October 2031	3 years (19 July 2024)
Re-offer Yield (coupon)	3.90% (fixed p.a., payable s/a)	14.00% (fixed p.a., payable s/a)
Re-offer Price	100%	100%
Benchmark	UST 1.625% due May 2031	N/A
Spread to Benchmark	254.1 bps	N/A
Use of Proceeds	General Budgetary Purposes	Finance and / or refinance Eligible Expenditure as outlined in the Republic's SDG Bond Framework
SPO Provider	N/A	Sustainalytics
Settlement Currency	US$ (all cash flows under both tranches are in US Dollars, including at settlement and for payments of coupons and principal)	
Governing Law / Listing	English / London Stock Exchange	
Clearing Systems	Euro clear / Clear stream / DTC	
JLM / Bookrunner	Citi, J.P. Morgan, Gazprombank and MUFG	

Source: Ministry of Economy and Finance

Table 2 Proceeds by Investors Type

Investors Type	US$ Tranche	UZS (SDG) Tranche
Asset Managers & Funds	92%	92%
Insurers & Pension Funds	4%	5%
Banks & PBs	4%	3%

Source: Ministry of Economy and Finance

Table 3 Proceeds by Investors Geographical Origin

Investors Geographical Origin	US$ Tranche	UZS Tranche
USA	56%	23%
UK	19%	43%
Continental Europe	23%	24%
Asia & MENA Region	2%	10%

Source: Ministry of Economy and Finance

2021 SDG BOND ALLOCATION REPORT

The Government of Uzbekistan committed in its SDG Bond Framework to report on the allocation of proceeds from the issuance of SDG bonds. An allocation report in an SDG Bond issuance is a key document that provides detailed information on how the funds raised from the bond issuance have been distributed to various Eligible Expenditures or initiatives. These reports are critical for transparency and accountability in sustainable finance markets, and to comply with the regulatory requirements and guidelines related to SDG and to enhance investors' confidence and attract more investment in future SDG Bonds.

The country issued its first SDG Bond in July 2021. Observing their commitments, a year later the national authorities, through the MoEF in collaboration with UNDP Uzbekistan, published their first report on the allocation of net proceeds related to the issuance of this SDG Bond. In this first allocation report, the allocations of proceeds made during the first year after issuance were shared. And they corresponded to the total amount of 2.5 trillion UZS raised from the proceeds of the issuance of this SDG Bond.

The allocation of funds from the issuance of the 2021 SDG Bond allowed the government of Uzbekistan to finance and re-finance public expenditure on Eligible Expenditures to achieve the national targets for the SDGs, including them in its state budget for that year. None of these eligible expenditures were co-financed by other bodies or financial institutions.

ALLOCATION OF PROCEEDS BY SDG

Uzbekistan's SDG Bond framework defines which sustainable thematic categories and which expenditures are eligible to be financed by proceeds from the country's issuance of SDG Bonds. The final list of 145 projects (plus the children's vaccination programme) generated by the project evaluation and selection process overseen by the UNDP and MoEF and approved by the SDG Coordination Council has a specific profile that guides funding resources for four of the thematic areas envisaged by the SDG Bond Framework:

- Access to Essential Health Services
- Access to Education
- Sustainable Water Supply and Waste-Water Management and Flood Defence Systems
- Delivery of Essential and Clean Transportation Services

As a result of the selection criteria applied to the submitted projects regarding eligibility and priority for the pursuit of the national targets for the SDGs, the allocation of proceeds by thematic area for the period under review prioritized the thematic area "Delivery of Essential and Clean Transportation Services" employing 54% of the total amount of proceeds in the metro project in the city of Tashkent. The thematic areas of "Access to Essential Health Services" and "Access to Education" followed with allocations representing respectively 21.7% and 17.6% of the total amount of the net proceeds. For more details on the amounts and the relative importance of the different thematic areas in the allocation of proceeds during the period under review, see the following table.

Table 4 Total annual allocation by thematic area

Thematic Areas	2021		2022		2023		Total	
Name	UZS'm	%	UZS'm	%	UZS'm	%	UZS'm	%
Access to Essential Health Services	541 373	21.7%	-	-	-	-	541 374	21.7%
Access to Education	438 875	17.6%	-	-	-	-	438 875	17.6%
Sustainable Water Supply and Waste-Water Management and Flood Defence Systems	169 970	6.8%	-	-	-	-	130 563	6.8%
Delivery of Essential and Clean Transportation Services	1 349 782	54.0%	-	-	-	-	1 349 782	54.0%
Total	**2 500 000**	**100.0%**	**-**	**-**	**-**	**-**	**2 500 000**	**100.0%**

Source: Ministry of Economy and Finance

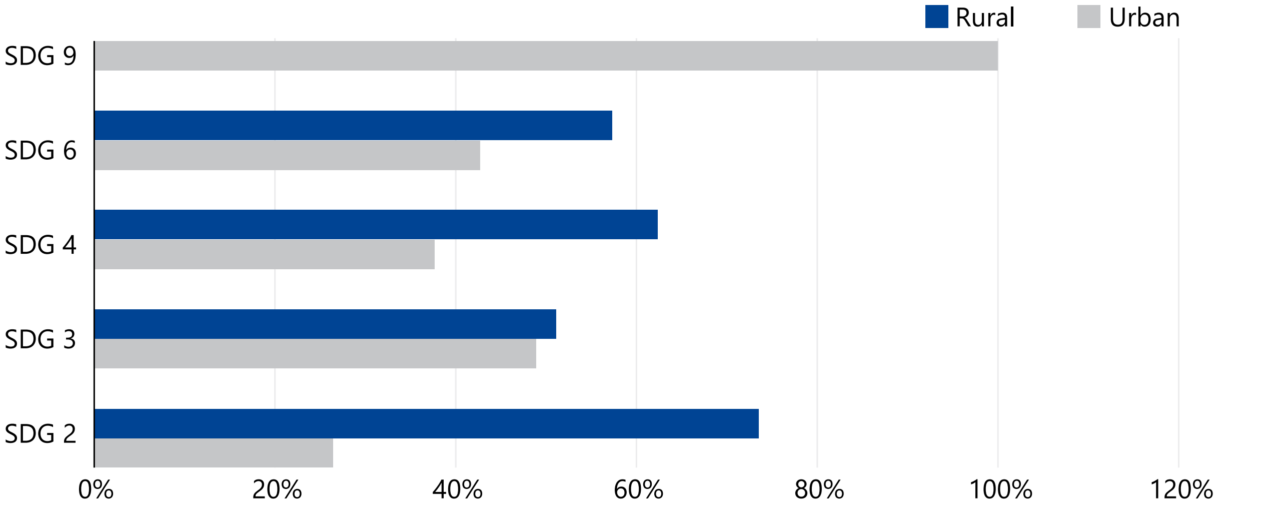
Each thematic area has a primary link to a specific SDG, without preventing direct or indirect links or impacts on the national targets of other SDGs. The detailed analysis from the project purposes to the potential impacted SDGs, considering the stronger relationship between the outputs of the projects and the SDG indicators, allowed the establishment of a primary link with a specific SDG and thus describe the primary allocation of the net proceeds by SDG. The allocation of the proceeds directly impacted to a greater or lesser extent five SDGs: SDG 1 Zero Hunger, SDG 3 Good Health and Well-Being, SDG 4 Quality of Education, SDG 6 Clean Water and Sanitation, SDG 9 Industry, Innovation and Infrastructures. The largest share of the proceeds was allocated to projects with a direct impact on SDG 8, corresponding to 54% of the total amount of the proceedings. This was followed by SDG 3 and SDG 4, representing respectively 21.7% and 17.6% of the total amount of resources allocated. For more details on the amount allocated to each SDG and their relative importance in the allocation of proceeds during the period under consideration, see the following table. Except for the allocation for SDG 9, all allocations to the other SDGs favoured rural areas over urban areas.

Table 5 Total annual allocation by SDG

SDG		2021		2022		2023		Total	
#	Name	UZS'm	%	UZS'm	%	UZS'm	%	UZS'm	%
2	Zero Hunger	39 407	1.6%	-	-	-	-	39 407	1.6%
3	Good Health and Well-Being	541 373	21.7%	-	-	-	-	541 374	21.7%
4	Quality Education	438 875	17.6%	-	-	-	-	438 875	17.6%
6	Clean Water and Sanitation	130 563	5.2%	-	-	-	-	130 563	5.2%
9	Industry, Innovation, and Infrastructure	1 349 782	54.0%	-	-	-	-	1 349 782	54.0%
Total		**2 500 000**	**100.0%**	**-**	**-**	**-**	**-**	**2 500 001**	**100,0%**

Source: Ministry of Economy and Finance

Figure 1 Distribution of SDG allocation by urban and rural areas



Source: Ministry of Economy and Finance

ALLOCATION OF PROCEEDS BY ELIGIBLE EXPENDITURE

The analysis was extended to establish a link between the categories of Eligible SDG Expenditure, the primary and secondary impacts on the different SDGs and the allocation of the proceeds. Its results show that 92.1% of the total amount of the proceeds was allocated to eligible investment expenditures, while 7.9% was allocated to children's vaccination programmes. It is also shown that the most impacted secondary SDG is the Sustainable Cities and Communities SDG, feeling the effects of 59.2% of the expenditures financed by the proceeds. It is followed by SDG Climate Action, which is secondarily impacted by 55.6% of sustainable expenditure made with SDG Bond financing, and the SDG 5 Gender Equality, which is secondarily impacted by 39.3% of the total sustainable expenditure. For more details on the allocation of proceeds by type of Eligible SDG Expenditure, as well as their primary and secondary linkages to the SDGs, see the following table.

Table 6 Total allocation by expenditure category with primary and secondary SDGs interlinkages

Expenditure sustainable category	Allocation		Primary SDGs			Secondary SDGs	
	UZS'm	%	#	Name	Indicators	#	Name
Reconstruction of irrigation systems	39 407	1.6%	2	Zero Hunger	6.1.1, 6.3.2, 6.4.1, 6.4.2, 6.5.1, 6.6.1, 6b.1	13 14	Climate Action Life on Land
Construction and reconstruction of hospitals	343 892	13.8%	3	Good Health and Well-Being	3.4.1, 3.8.1.1, 3.b.1, 3.c.1	5	Gender Equality
Children's vaccination programme	197 481	7.9%					
Construction and reconstruction of schools	247 805	9.9%	4	Quality Education	4.1.1, 4.3.1, 4.4.1, 4.5.1, 4.5.2, 4.7.1, 4.a.1, 4.c.1	5 8 9	Gender Equality Decent Work and Economic Growth Industry, Innovation and Infrastructure
Construction and reconstruction of kindergartens	191 069	7.6%			4.2.1.1, 4.2.1.2, 4.2.2, 4.5.1, 4.a.1, 4.c.1		
Construction and reconstruction of drinking water facilities and sewage systems	130 563	5.2%	6	Clean Water and Sanitation	6.1.1, 6.2.1.1, 6.2.1.2, 6.3.1, 6.5.1, 6.6.1, 6.b.1	3 11	Good Health and Well-being Sustainable Cities and Communities
Construction of overground and underground metro in the capital city	1 349 782	54.0%	9	Industry, Innovation, and Infrastructure	9.1.2, 9.4.1, 11.2.1, 11.6.2, 13.2.2	11 13	Sustainable Cities and Communities Climate Action
Total	**2 500 000**	**100.0%**					

Source: Ministry of Economy and Finance

ALLOCATION OF PROCEEDS BY REGION

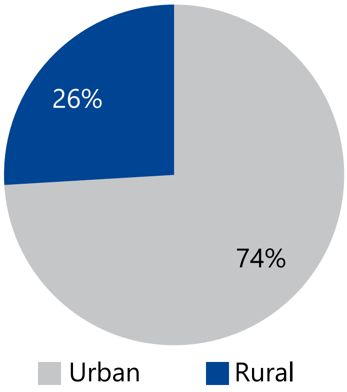
Uzbekistan is not a territorially homogeneous country if we consider the resources and needs or the opportunities and challenges that each region faces in pursuing the objectives of sustainable development. In this context, it is also important to report on the allocation of proceeds considering the territorial dimension. The data shows that more than two-thirds (67.5%) of the total amount of proceeds were allocated to the Tashkent region. This amount clearly differs from the average amount allocated to the other regions. In part, this difference is explained by the amount allocated to important transport infrastructures in the city of Tashkent, such as the metro, whose allocated amount represents 54% of the total value of the proceeds. Even so, if the total amount allocated to the metro project in the city of Tashkent is removed, the region accounts for an allocation to its projects equivalent to 7.7% of the total amount of the funds, i.e., the region with the largest share in the allocation of the total amount of the proceeds. This is followed by the Andijan region with 5.1%, the Namangan and Fergana regions with 4.9% each. The data also shows that the allocation favoured urban areas more than rural areas, with the latter areas receiving only 24% of the total amount of proceedings allocated. This can be explained by more than half of the total proceeds from SDG bond being allocated to the project for construction of new metro lines in Tashkent city. For more details on the allocation of proceeds by region, see the following table.

Table 7 Total allocation by region (excluding vaccination programme)

Region	Total allocation	
	UZS'm	%
Andijan region	117 177	5.1%
Bukhara region	34 706	1.5%
Republic of Karakalpakstan	45 515	2.0%
Jizzakh region	22 599	1.0%
Khorezm region	79 614	3.5%
Syrdarya region	37 926	1.6%
Navoi region	16 811	0.7%
Fergana region	101 869	4.4%
Namangan region	113 279	4.9%
Tashkent region	176 799	7.7%
Samarkand region	34 481	1.5%
Tashkent city	1 377 554	59.8%
Kashkadarya region	76 239	3.3%
Surkhandarya region	67 949	3.0%
Total	**2 302 519**	**100.0%**

Source: Ministry of Economy and Finance

Figure 2 Total allocation by urban vs rural areas



Source: Ministry of Economy and Finance

ALLOCATION OF PROCEEDS BY PROJECT

This allocation report for the Uzbekistan 2021 SDG Bond issuance is also committed to sharing data about the projects, namely the list of projects, descriptive details of their purposes, goals, targets and outcomes, their location, the amount allocated to each project, etc. However, the volume of information to be shared is enormous and impractical here. Therefore, all the data on each of the projects is available in the separate Excel spreadsheet annexed to this report.

2021 SDG BOND IMPACT REPORT

IMPACT MEASUREMENT

Framework

A standardized framework based on ICMA's Harmonized Framework for Impact Reporting was adopted to define clear targets, track progress, and assess the effectiveness of the projects funded by the 2021 SDG bond. This framework is also aligned with the specific SDGs targeted and considers their relevant indicators.

Capacity building

Considering the need to develop national capacities for the monitoring and evaluation of the impact generated by the projects funded by the 2021 SDG Bond, the MoEF with the support of UNDP organized a training program on allocation and impact reporting in accordance with the guidelines of harmonized frameworks for impact reporting, such as ICMA's Harmonized Framework for Impact Reporting. This training program also included content on methodologies and metrics for impact measurement and monitoring. In this context, the questions of the draft survey used in the collection of qualitative and quantitative data on the projects were also discussed and validated with all stakeholders participating in the training. Finally, MoEF and UNDP prepared the final version of the survey questionnaire and organized online training sessions for project executors and other responsible bodies on how to correctly fill in the questionnaire and answer the questions.

Monitoring and internal auditing

At the request of the MoEF, UNDP experts accompanied by the representatives of MoEF visited several project sites to make sure that the projects have been completed and the intended impacts have been achieved..

Data collection and analysis

The collection of all data for impact measurement was carried out with the support of digital tools, with the review and validation ensured by the MoEF and UNDP teams. The analysis of the raw data collected and the production of the impact metrics for reporting was carried out by the UNDP team.

SDG 2 – ZERO HUNGER

Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

As one of the eligibility criteria established is the development and upgrade of water irrigation systems. It is expected that this project will improve agricultural productivity, especially for small hold-farmers, increase the number of people provided with safe, nutritious and sufficient food systems, and help the country to pursue its national targets for the SDGs, first for SDG 2, but also for SDG 6 and SDG 11.

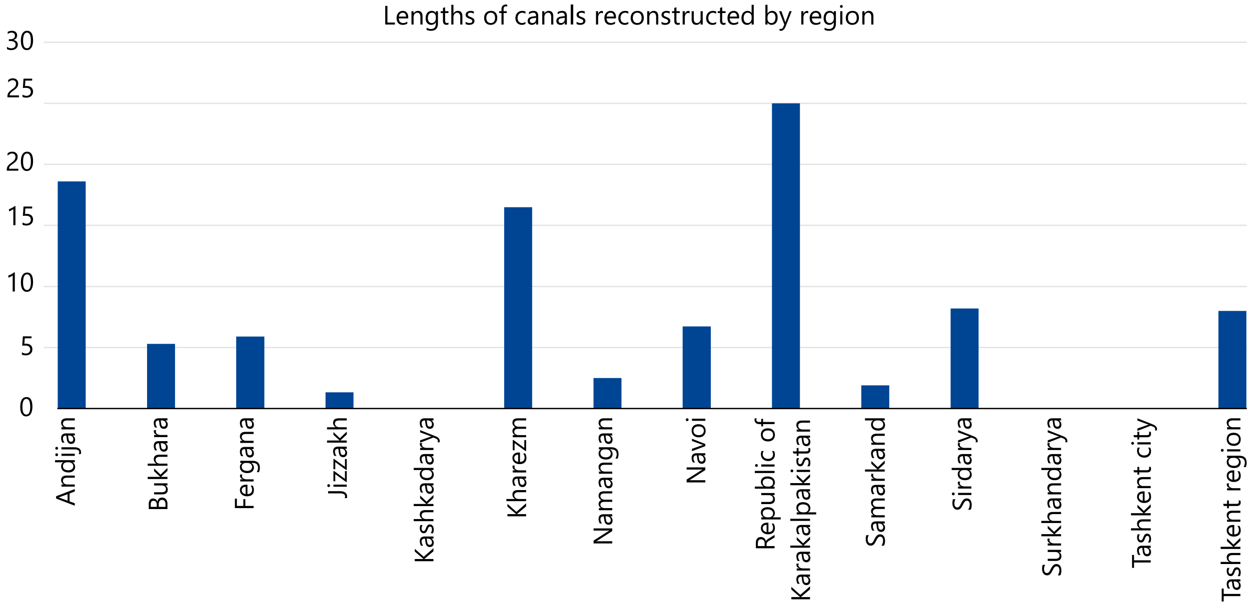
The Government of Uzbekistan allocated the equivalent of 1.6% of the total amount of net proceeds raised by the 2021 SDG Bond issuance to a set of 14 projects submitted by the Ministry of Water Resources for the reconstruction of irrigation systems in different regions of the country. The purpose of these projects was to increase the installed capacity of agricultural irrigation systems and improve its efficiency. These objectives had as output metrics the extension of reconstructed canals (km), the size of the affected areas (ha), the increase in the volume of water saved annually (m3 per year) and as impact metric the increase in the productivity of agricultural areas affected by the projects (%). As a measure of the impressive positive impact of these projects on SDG 2 – Zero Hunger and its associated food security, on average the productivity levels increased by 13% in the lands affected by these reconstruction projects of agricultural irrigation systems. For more details on the impacts of reconstruction projects of agricultural irrigation systems, see the table below.

Table 8 Impacts of irrigation system reconstruction on SDG2 – Zero Hunger

SDG 2. Zero Hunger	Length of canals reconstructed (km)	Land affected (ha)	Average productivity growth rate in (%)	Volume of water saved per year (m^3 per year)
Irrigation networks/ canals	99.95	96 881	13%	52 165 000

Source: Ministry of Economy and Finance

Figure 3 Breakdown of lengths (km) of canals reconstructed by regions



Source: Ministry of Economy and Finance

SDG 3 – GOOD HEALTH AND WELL-BEING

Access to Essential Health Services

Among the social and environmental benefits expected for this category, the following were established: (1) improved healthy life expectancy and (2) provided access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines.

Thus, among the projects selected through the evaluation and selection process to be funded by the net proceeds of the 2021 SDG Bond issuance, the SDG Coordination Council approved the inclusion of two types of projects that potentially can positively impact the national targets for the pursuit of SDG 3: (1) a set of 36 hospital construction or reconstruction projects in different regions of the country and (2) the children’s vaccination programme applied nationwide.

For all projects in the eligible category of "Access to Essential Health Services", the Government of Uzbekistan has allocated an amount equivalent to 21.7%, broken down as follows: 13.8% of the proceeds financed hospital construction or reconstruction projects and 7.9% of the proceeds financed the children's vaccination programme.

The size of the new areas created (m2), the number of new hospital beds (#), and the volume of job creation in health (#) were defined as the output metric of hospital construction and reconstruction projects. The hospital area built by the projects increased by 30 761 m2, the total number of fixed hospital beds increased to 4 235 and quantity of outpatient beds grew up to 1 160. Finally, the number of new health professionals rose by 1 965, of which 1 665 are medical staff.

The number of new patients treated and the population benefiting from the projects was defined as a measure of the impact of these projects on the achievement of the national target for SDG 3. The number of new patients treated by the hospitals covered by the projects was1 534 206 during the period under review and that the population benefiting from the projects was almost 15 million people with universal access to essential health services.

For more detailed information on the outputs and impacts of hospital construction and reconstruction projects, see the following tables and the data available in the separate Excel spreadsheet annexed to this report.

Table 9 Impact of hospital construction and reconstruction on hospital patients and beneficiaries

SDG 3. Good Health and Well-being	Number of patients treated	People benefited from the projects
Hospitals constructions and reconstruction	1 534 206	14 972 453

Source: Ministry of Economy and Finance

Table 10 Hospital areas by hospitals construction and reconstruction projects

SDG 3. Good Health and Well-being	Area before (m2)	Area after (m2)	New Area (m2)
Hospitals constructions and reconstruction	144 684	175 445	30 761

Source: Ministry of Economy and Finance

Table 11 Hospital beds by hospital construction and reconstruction projects

SDG 3. Good Health and Well-being	Renovated fixed beds	Renovated ambulatory beds	New fixed beds created	New ambulatory beds created	Total fixed beds	Total ambulatory beds
Hospitals constructions and reconstruction	3 028	260	1 207	900	4 235	1 160

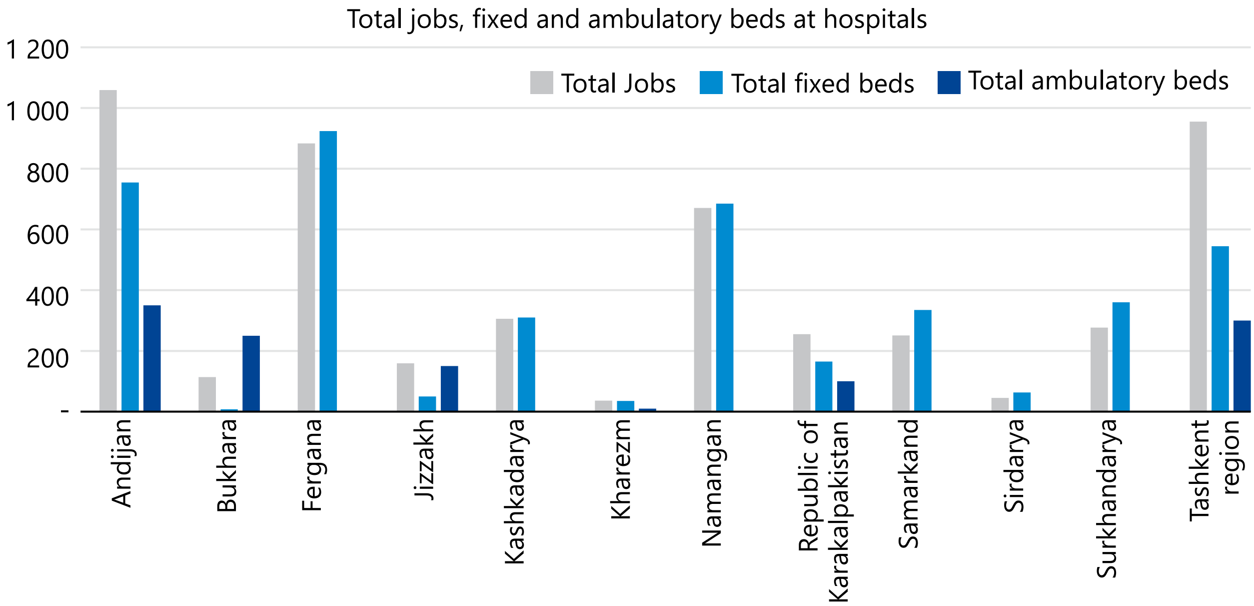
Source: Ministry of Economy and Finance

Table 12 Job creation by hospital construction and reconstruction projects

SDG 3. Good Health and Well-being	Staff pre projects	New staff		Staff post projects	Job creation
		Medical staff	Technical staff		
Hospitals constructions and reconstruction	3 047	1 665	300	5 012	1 965

Source: Ministry of Economy and Finance

Figure 4 Breakdown of total number of jobs, fixed and ambulatory beds at hospitals by region



Source: Ministry of Economy and Finance

The child vaccination program implemented in all regions of the country in 2021 obtained average coverage rates above 98% for the vaccines integrated in the children's vaccination programme. The total number of vaccine applications integrated in the children's vaccination programme was more than 14.5 million. The following table presents the total number of vaccine applications integrated in the programme by region. For more details on the number of vaccines administered per vaccine type integrated in the programme and by region, see the data available in the separate Excel spreadsheet annexed to this report.

Table 13 Total vaccine applications by region

Region	Total vaccinated by region
Tashkent city	932 531
Andijan	1 380 534
Buxara	721 233
Jizzakh	659 245
Kashkadarya	1 464 725
Navoiy	427 000
Namangan	1 218 919
Samarkand	1 805 172
Surkhandarya	1 290 814
Sirdarya	346 651
Tashkent region	1 212 850
Fergana	1 582 794
Khorezm	757 772
Republic of Karakalpakstan	725 250
Total	**14 525 490**

Source: Ministry of Economy and Finance

Table 14 Quantity and Expenditure by Type of Vaccine and Equipment

Type of Purchase	Vaccine Name	Doses Purchased	Price for 1 Dose (US$)	Allocation (UZS million)
Vaccine types	Oral polio vaccine	5 379 093	0.16	8 779
	Pentavalent vaccine	2 905 171	0.80	23 706
	Pneumococcal vaccine	2 612 413	2.95	78 608
	Rotavirus vaccine	2 298 291	1.20	28 131
	MMR (Measles, Mumps and Rubella) vaccine	1 871 651	1.53	29 209
	DT (Diphtheria-Tetanus) vaccine	1 666 371	0.18	3 059
	BCG (Bacille Calmette-Guerin) vaccine for tuberculosis	1 093 678	0.13	1 450
	DTP (Diphtheria-Tetanus-Pertussis) vaccine	875 660	0.25	2 233
	HBV (Hepatitis B) vaccine	853 795	0.25	2 177
	HPV (Human Papillomavirus) vaccine	214 300	4.60	10 051
Vaccine Total		**19 770 423**		**187 403**
Equipment	SR syringe 0.5 ml	13,524,729	0.06	8 277
	BCG syringe 0.05 ml	1,811,385	0.04	739
	Disposable syringe with needle 5 ml	213,020	0.04	87
	Safety boxes	173,600	0.53	938
	Disposable syringe with needle 2 ml	90,570	0.04	37
Equipment Total		**15 813 304**		**10 078**
Total		**35 583 727**		**197 481**

Source: Ministry of Economy and Finance

SDG 4 – QUALITY EDUCATION

Access to Education

Among the eligibility criteria are the construction, reconstruction, maintenance and operation of public primary and secondary schools as well as public kindergartens. It is expected that these "access to education" projects will generate benefits such as the universal provision of affordable, equitable, and quality education, and the improvement of the proportion of literacy and numeracy and will contribute to the achievement of national targets for the SDGs, in particular for SDG 4 – Quality Education and SDG 5 – Gender Equality, but also, albeit indirectly, for SDG 8 – Decent Work and Economic Growth and SDG 9 – Industry, Innovation and Infrastructures.

The SDG Coordination Council approved the inclusion in the final list of projects prepared by the evaluation and selection process of a set of 33 projects for the construction or reconstruction of schools and a set of thirty-five projects for the construction or reconstruction of kindergartens in various regions of the country.

The Government of Uzbekistan has allocated to the school projects an amount equivalent to 9.9% of the total value of the proceeds raised by the 2021 SDG Bond issuance. For kindergarten projects, the amount allocated was equivalent to 7.6% of the same proceeds.

The following metrics were chosen for the outputs of these projects: (1) volume of educational jobs created by the projects (#), (2) number of new seats created by the projects (#) and (3) the area of the new installed capacity (m2). The results achieved show that 1 596 new educational jobs were created, 16 169 new seats were created, and 22 255 existing seats were renovated, and the installed capacity has increased by additional 108,293 m^2.

For the impact measure of "Access to Education" projects, the following indicators were chosen: (1) the number of new graduates from the schools covered by the projects, (2) the number of new graduates enrolled in higher education and (3) the number of people who benefit directly from the projects. The results show that the number of kids graduated from kindergartens and progressed to primary education was 4 035 and students graduated from schools was 9 511, of which, 2 040 enrolled in higher education (excluding 2024 results) and the total number of people benefited by the projects was 293 827.

For more details on the outputs by group of educational establishments and the impacts generated by the "Access to Education" projects, see the following tables and the data available in the separate Excel spreadsheet annexed to this report.

Table 15 Job Creation in Education by Schools and Kindergartens construction and reconstruction projects

SDG 4. Quality Education	Number of jobs before	New staff			Total Jobs
		Teachers employed	Non-teaching staff employed	Total	
Schools	2 404	626	158	784	3 188
Kindergartens	880	484	328	812	1 692
Total	**3 284**	**1 110**	**486**	**1 596**	**4 880**

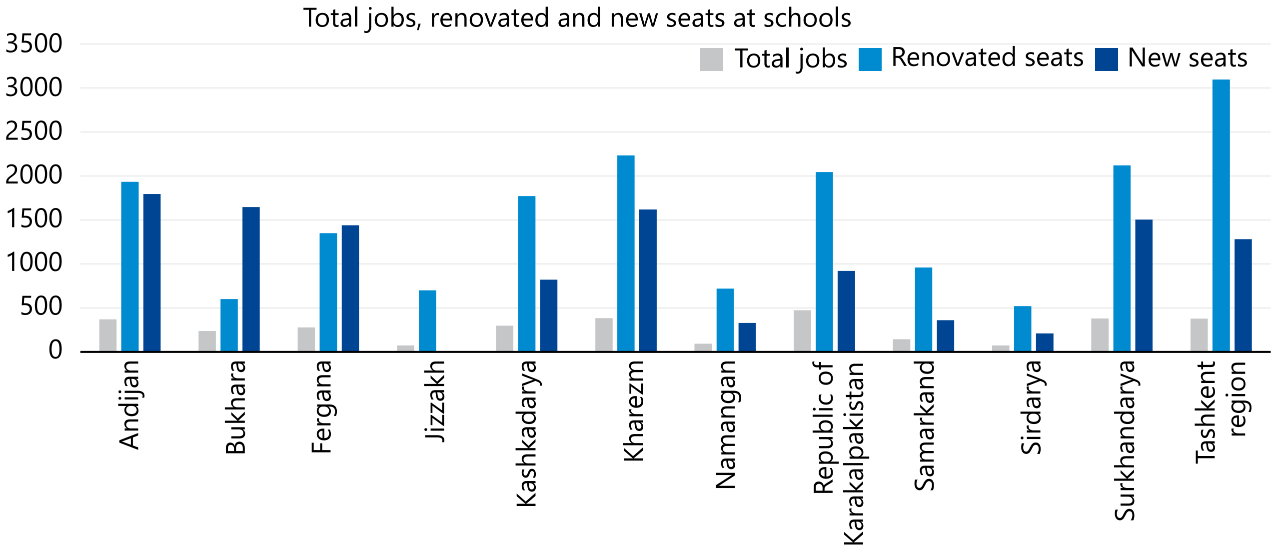
Source: Ministry of Economy and Finance

Table 16 New capacity created in seats by the Schools and Kindergartens construction and reconstruction projects

SDG 4. Quality Education	Renovated seats	New seats	New Capacity seat
Schools	18 051	11 929	29 980
Kindergartens	4 204	4 240	8 444
Total	**22 255**	**16 169**	**38 424**

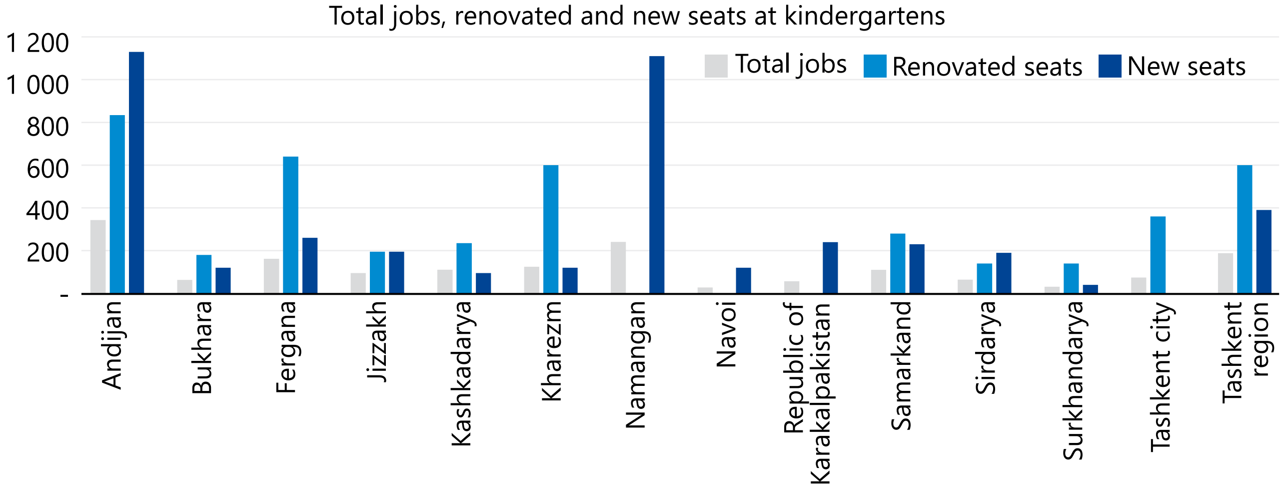
Source: Ministry of Economy and Finance

Figure 5 Breakdown of number of total jobs, renovated and new seats at schools by region



Source: Ministry of Economy and Finance

Figure 6 Breakdown of number of total jobs, renovated and new seats at kindergartens by region



Source: Ministry of Economy and Finance

Table 17 New capacity created in m² by the Schools and Kindergartens construction and reconstruction projects

SDG 4. Quality Education	Area before (m²)	Area after (m²)	New Capacity (m²)
Schools	82 604	148 419	5 815
Kindergartens	32 801	75 280	42 479
Total	**115 406**	**223 699**	**108 293**

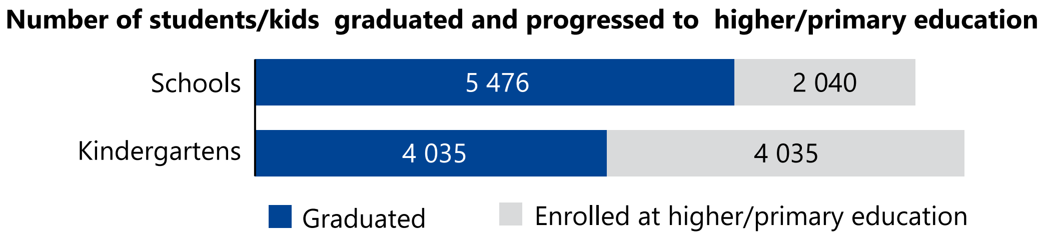
Source: Ministry of Economy and Finance

Table 18 Impacts on education indicators from Schools and Kindergartens construction and reconstruction projects

SDG 4. Quality Education	Students graduated	People benefiting from the projects	School graduates enrolled at higher education (excluding 2024 results) / Kids progressed to primary education
Schools	5 476	160 193	2 040
Kindergartens	4 035	133 634	4 035
Total	**9 511**	**293 827**	**2 040**

Source: Ministry of Economy and Finance

Figure 7 Number of graduates at schools and kindergartens



Source: Ministry of Economy and Finance
**Number for school graduates enrolled at higher education excludes the enrolments for 2023-2024 academic year.*

SDG 6 – CLEAN WATER AND SANITATION

Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

As an eligibility criterion, it defines the promotion of sustainable water management including enhancing water efficiency and wastewater treatment to guarantee the water supply, with the expectation of generating benefits such as conservation of water resources and reduction of the number of people suffering from water scarcity. In addition to SDG 6 – Clean Water and Sanitation, projects in this category are expected to have at least an indirect impact also on the pursuit of the national targets for SDG 2 – Zero Hunger, SDG 3 – Good Health and Well-Being and SDG 11 – Sustainable Cities and Communities.

The SDG Coordination Council approved the inclusion in the final list of projects that went through the evaluation and selection process of a set of 24 water supply and waste-water management projects in different regions of the country.

The Government of Uzbekistan has allocated an amount equivalent to 5.2% of the total value of the proceeds raised by the 2021 SDG Bond Issuance to these projects of drinking water and sewage facilities.

The aggregate outputs and impacts generated by these projects from their implementation to June 2024 are described in the following table.

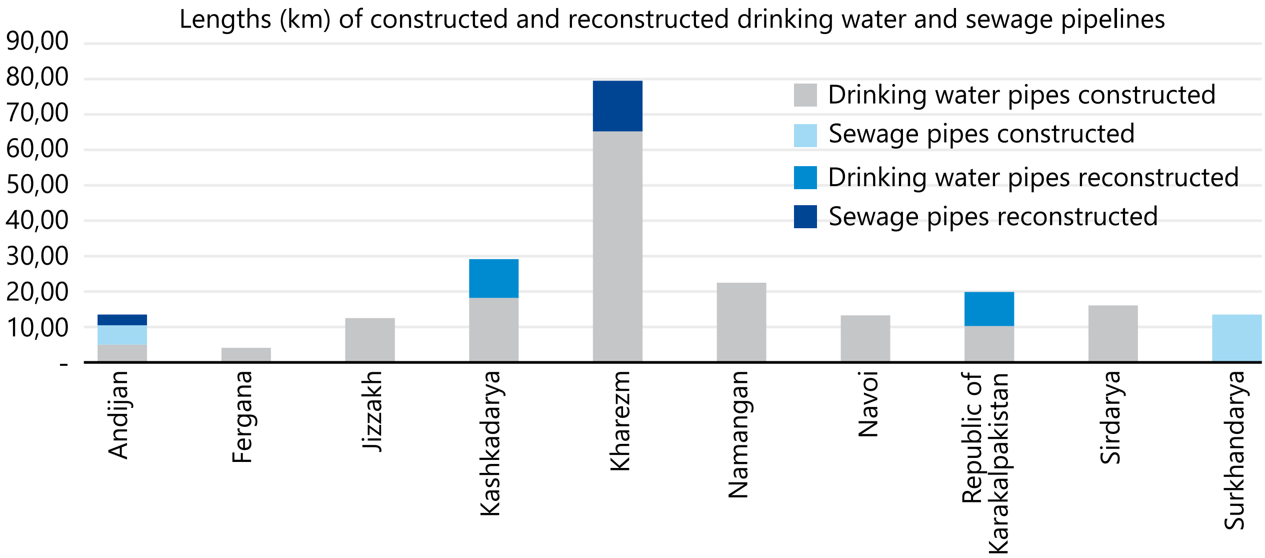
For more details on the output and impacts of each of these 24 projects, see the data available in the separate Excel spreadsheet annexed to this report.

Table 19 Outputs and impacts from water drinking and sewage facilities projects

SDG 6. Clean Water and Sanitation	Volume of clean drinking water supplied to the population since the project started till June 1, 2024 (m.cub)	Volume of treated wastewater since the project started till June 1, 2024 (m.cub)	Length of drinking water pipelines constructed	Length of wastewater pipelines (sewage) constructed	Number of NEW people covered by construction	Length of drinking water pipelines reconstructed	Length of wastewater pipelines (sewage) reconstructed	Number of people covered by reconstruction (with improved facilities)
Drinking water and sewage facilities	25 824 260	5 633 360	167.19	19.00	139 193	20.60	17.28	33 100

Source: Ministry of Economy and Finance

Figure 8 Breakdown of lengths (km) of constructed and reconstructed drinking water and sewage pipelines by regions



Source: Ministry of Economy and Finance

SDG 9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE

Delivery of Essential and Clean Transportation Services

Eligibility criteria include the construction, reconstruction, maintenance and operation of clean public transportation services, such as electrified railway and electrified metro infrastructures (including railway systems, carriages, stations, signalling equipment, direct passenger access), expecting positive social and environmental impacts such as affordable and equitable access to clean transportation, to pursue national targets first for SDG 9, but also for SDG 11 and SDG 13.

The project evaluation and selection process include in the final list approved by the SDG coordination Council the underground and overground metro development project, submitted by Tashkent City. An amount equivalent to 54% of the total volume of the 2021 SDG Bond issuance proceeds was allocated to this project. The project has a daily direct impact on about 213 thousand new passengers, providing them access to affordable and clean public transportation service and avoiding daily GHG emissions of an estimated value between 620 and 1086 tons per day. For more details on the outputs and impacts of this project, see the following table.

Table 20 Impacts of Tashkent City Metro

SDG 9. Industry, Innovation and Infrastructure	Quantity of stations	Length of lines in km	Average number of passengers served (daily)	GHG emission Avoided (est. daily ton)
Metro in the capital city	21	33.1	213 134	620 to 1086

Source: Ministry of Economy and Finance

CASE STUDIES HIGHLIGHTS

SDG 2 – ZERO HUNGER

Case Study 1 - Reconstruction of the Oktepasoy canal in Kokand city of Fergana region

Project Summary: The project which received the largest proportion of irrigation funding (UZS 10 424 million) was in Kokand city, of the Fergana region. The city has a population of approximately 300 000 and is situated around 225 km southeast of the capital Tashkent. The city is a regional centre of water-intensive industries, including those that produce cotton, textiles and food products, illustrating the necessity to invest in irrigation infrastructure. The proceeds were invested into the reconstruction of the 'Oktepasoy' canal. This canal was built by the Sokh-Oktepa Irrigation Department in 1977 and has a total length of 30.0 km, of which 6.5 km flows through Kokand city. Water flow capacity is 10 m3 per second, with the main source being the Big Fergana main canal. This canal provides water to 5 500 hectares of arable land across 76 farms and 1 125 hectares of homesteads (19 500 people) in the Dangara district.

The concrete pavements of a 6.5 km section of canal passing through Kokand city had been damaged because of exploitation, without any reconstruction having been carried out since its original construction. This resulted in a decrease of its water transfer capacity to 3.5 m3 per second, or reduction of its efficiency to 35%. As a result, 255 hectares of land have suffered from water scarcity. The project for reconstructing a 5.9 km section of the canal passing through Kokand city involved cleaning the bottom of the canal and removing mud, as well as undertaking soiling and concreting works.

Impact: As a result of the project:

- The canal's efficiency will be increased to 85%, and up to 9 million m3 of water might be saved annually
- Cotton yield will increase by 3.0 m.c / ha
- Grain yield will increase by 5.0 m.c / ha
- Additional income will be obtained from the cultivation of agricultural products on 255 hectares of land
- The rural population will be employed, and its standard of living will improve
- 5 500 hectares of arable land across 76 farms and 1 125 hectares of homesteads (19 500 inhabitants) of the Dangara district will gain access to a guaranteed supply of water

Location: Kokand city, Fergana region

Area: Urban

Amount allocated: 10 424 UZS'm

Eligible category: Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Reconstruction of irrigation networks and canals (km): 5.9

Land areas with improved irrigation and reduced salinity: 6 725 ha

Impacts

Growth rate in productivity (%): 17%

Volume of water saved per year (meter cubic per year): 3 120 00

Case Study 2 - Reconstruction of the 'Right Bank' canal from PQ125+00 to PQ144+00 in Bulungur District of the Samarkand region

Project Summary: The purpose of the investment into this irrigation project in the Bulungur District was to increase the productivity of surrounding land in the short term and enhance the resilience of surrounding infrastructure in the long term. The investment allows the local area to overcome problems that have arisen within the irrigation facility over the last few years and ensure that water continues to be supplied to these districts in the Samarkand region.

Impact: As mentioned above, almost one third of the hectares benefiting from the proceeds of the bond issuance is specific to this project. With the use of the UZS 3 278 millions of allocated proceeds (8%), 21 620 hectares (31% of existing land) was successfully enhanced with updated irrigation infrastructure. The positively impacted land includes hectares that will benefit from continued irrigation facilities. Including additional areas of land that will have gained access to intermittent irrigation, the investment has the potential to impact 48 166 hectares on an annual basis. The land positively impacted is throughout the Samarkand region, including the Makhsumov district (2 761 ha), and the Jomboy and Payarik districts (45 405 ha).

Location: Bulungur District, Samarkand region

Area: Rural

Amount allocated: 3 278 UZS'm

Eligible category: Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Reconstruction of irrigation networks and canals (km): 1.9

Land areas with improved irrigation and reduced salinity: 48 166 ha

Impacts

Growth rate in productivity (%): 12%

Volume of water saved per year (meter cubic per year): 1 500 000

Table 21 SDG Indicators Targeted by Irrigation Case Studies

SDG Indicators	Description
6.1.1	Proportion of population using safely managed drinking water services
6.3.2	Proportion of bodies of water with good ambient water quality
6.4.1	Change in water-use efficiency over time
6.4.2	Level of water stress: freshwater withdrawal as a proportion of available freshwater resources
6.5.1	Degree of integrated water resources management
6.6.1	Change in the extent of water-related ecosystems over time
6.b.1	Proportion of local administrative units with established and operational policies, and procedures for ensuring local communities' participation in water and sanitation management

SDG 3 – GOOD HEALTH AND WELL-BEING

Case Study 3 – Samarkand District Multidisciplinary Hospital

Project Summary: Reconstruction (renovation of an existing building) of a multidisciplinary hospital (Samarkand District Hospital) - 140-fixed-bed therapy department with additional 20 fixed beds. Cardiology 40 beds, Neurology 40 beds, Endocrinology 40 beds and Physiotherapy 40 beds.

Location: Samarkand district, Samarkand region

Area: Rural

Amount allocated: 7 107 UZS'm

Eligible category: Access to Essential Health Services

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of renovated fixed beds: 140

Number of new fixed beds: 20

Number of new medical staff: 20

Impacts

Number of population (directly benefited) in the area served by the health facility: 272 843

Number of patients treated since the project start till June 1, 2024: 171 300

Case Study 4 – Family polyclinic No. 8 in Andijan city

Project Summary: Construction of a new building for a family polyclinic No. 8 in Andijan city with 350 ambulatory beds

Location: Andijan city, Andijan region

Area: Urban

Amount allocated: 9 393 UZS'm

Eligible category: Access to Essential Health Services

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of new ambulatory beds: 350

Number of new medical staff: 257

Number of new technical staff: 47

Impacts

Number of population (directly benefited) in the area served by the health facility: 44 000

Number of patients treated since the project start till June 1, 2024: 28 640

Case Study 5 – Kokand City Emergency Medical Centre

Project Summary: Reconstruction of Kokand emergency medical centre increasing fixed beds from 110 to 237

Location: Kokand city, Fergana region

Area: Urban

Amount allocated: 11 322 UZS'm

Eligible category: Access to Essential Health Services

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of new fixed beds: 127

Number of new medical staff: 136

Number of new technical staff: 10

Impacts

Number of population (directly benefited) in the area served by the health facility: 309 148

Number of patients treated since the project start till June 1, 2024: 45 498

Case Study 6 – Okhangaron District Multidisciplinary Hospital

Project Summary: Construction of a new building in the former rehabilitation hospital located in the Nurabad fortress as a new district hospital with 20-fixed-bed emergency ambulance, 20 fixed-bed surgery, 20 fixed-bed pediatric, 55 fixed-bed maternity and 25 fixed-bed therapy departments as well as a building for the district sanitary epidemiology service.

Location: Tashkent Region

Area: Rural

Amount allocated: 30 064 UZS'm

Eligible category: Access to Essential Health Services

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of new fixed beds: 140

Number of new medical staff: 137

Number of new technical staff: 43

Impacts

Number of population (directly benefited) in the area served by the health facility: 111 219

Number of patients treated since the project start till June 1, 2024: 20 605

Table 22 SDG Indicators Targeted by Healthcare Case Studies

SDG Indicators	Description
3.4.1	Age-standardized mortality rate among the population aged 30-69 years attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease
3.8.1.1	Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity, and access among the general and the most disadvantaged population)
3.b.1	Percentage of children covered by vaccines in the national immunization calendar (diphtheria, whooping cough, tetanus, measles, rubella, mumps, meningococcal infection, tuberculosis, rotavirus infection, hepatitis B, poliomyelitis, pneumococcal infection, and papilloma virus)
3.c.1	Health worker density and distribution by regions: (a) number of doctors of all specialties per 10,000 people; (b) number of secondary medical personnel per 10,000 people

SDG 4 – QUALITY EDUCATION

Schools

Case Study 7 - Reconstruction of school No. 39 in Bukhara region

Project Summary: Reconstruction of the 39th school in Bukhara, which will increase the level of coverage of students of grades 1-11 at the age of 7-18 and create additional jobs.

Location: Bukhara City of Bukhara region

Area: Urban

Amount allocated: 11 572 UZS'm

Eligible category: Access to Education

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of renovated seats: 600

Number of new seats: 1 310

Number of new teachers: 98

Number of new technical staff: 28

Impacts

Number of boys: 828

Number of girls: 1 242

Number of students graduated from school until June 1, 2024, since the project started: 230

Number of graduated students enrolled at higher education institutions (*excluding 2023-2024 academic year results*): 189

Number of people benefiting from the implementation of the project: 7 355



Case Study 8 – Reconstruction of school No. 23 in Yashnabad district of Tashkent city

Project Summary: Reconstruction of school 23 in Yashnabad district with new building for 540 seats, which will increase the level of coverage of students of grades 1-11 at the age of 7-18 and create additional jobs

Location: Yashnabad district of Tashkent city

Area: Urban

Amount allocated: 6 606 UZS'm

Eligible category: Access to Education

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of renovated seats: 320

Number of new seats: 540

Number of new teachers: 27

Number of new technical staff: 6

Impacts

Number of boys: 739

Number of girls: 726

Number of students graduated from school until June 1, 2024, since the project started: 67

Number of graduated students enrolled at higher education institutions (*excluding 2023-2024 academic year results*): 25

Number of people benefiting from the implementation of the project: 3 699

Table 23 SDG Indicators Targeted by School Case Studies

SDG Indicators	Description
4.1.1	Proportion of children and young people (a) in grades 1-4, and in (b) lower secondary school grades 5-9, achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex
4.3.1	Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex
4.4.1	Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill
4.5.1	Parity indices in the education system, by sex, rural/urban, and level of well-being
4.5.2	Proportion of children with disabilities who are enrolled in school, within the total number of children in this category to be educated
4.7.1	Extent to which (i) global citizenship education and (ii) education for sustainable development, including gender equality and human rights, are mainstreamed at all levels in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment
4.a.1	Proportion of schools with access to (a) electricity; (b) the internet for pedagogical purposes; (c) computers for pedagogical purposes; (d) adapted infrastructure and materials for students with disabilities; (e) basic drinking water; (f) single-sex basic sanitation facilities; and (g) basic handwashing facilities
4.c.1	Proportion of teachers in (a) pre-primary and (b) general education institutions who have received at least the minimum organized pre-service or in-service teacher training (e.g. pedagogical training) required for teaching at the relevant level

Kindergartens

Case Study 9 - Reconstruction of Kindergarten No. 15 in Samarkand region

Project Summary: Reconstruction of kindergarten No. 15 in Samarkand district, which will increase the level of coverage of children up to 3-6 years of age and create additional jobs

Location: Samarkand District of Samarkand region

Area: Rural

Amount allocated: 5 359 UZS'm

Eligible category: Access to Education

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of renovated seats: 280

Number of new seats: 80

Number of new teachers: 12

Number of new technical staff: 18

Impacts

Number of boys: 200

Number of girls: 160

Number of kids completed kindergarten and progressed to primary education until June 1, 2024, since the project started: 280

Number of people benefiting from the implementation of the project: 5 370

Case Study 10 - Reconstruction of Kindergarten No. 8 in Yangiyol district of Tashkent region

Project Summary: Reconstruction of kindergarten No. 8 in Yangiyol city, in which the level of coverage of children aged 3-6 years will be increased and additional jobs will be created

Location: Yangiyol district of Tashkent region

Area: Rural

Amount allocated: 5 231 UZS’m

Eligible category: Access to Education

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Number of renovated seats: 180

Number of new seats: 30

Number of new teachers: 9

Number of new technical staff: 2

Impacts

Number of boys: 70

Number of girls: 73

Number of kids completed kindergarten and progressed to primary education until June 1, 2024, since the project started: 27

Number of people benefiting from the implementation of the project: 2 531

Table 24 SDG Indicators Targeted by Kindergarten Case Studies

SDG Indicators	Description
4.2.1.1	Proportion of children from three to five years of age who are developmentally on track in health, learning and psychosocial well-being, by sex
4.2.1.2	Proportion of children from three to six years of age covered by the pre-school education system
4.2.2	Participation rate in organized learning (one year before the official primary school entry age), by sex
4.5.1	Parity indices in the education system, by sex, rural/urban, and level of well-being
4.a.1	Proportion of schools with access to: (a) electricity; (b) the internet for pedagogical purposes; (c) computers for pedagogical purposes; (d) adapted infrastructure and materials for students with disabilities; (e) basic drinking water; (f) single-sex basic sanitation facilities; and (g) basic handwashing facilities
4.c.1	Proportion of teachers in (a) pre-primary and (b) general education institutions who have received at least the minimum organized pre-service or in-service teacher training (e.g. pedagogical training) required for teaching at the relevant level

SDG 6 – CLEAN WATER AND SANITATION

Case Study 11 - Construction of drinking water systems of the Yangariq district centre in the Khorezm region

Project Summary: Located in the western region of Uzbekistan, south of the Aral Sea, the Yangariq district of the Khorezm region received proceeds to construct new clean drinking water infrastructure. The proceeds improved the drinking water supply of the area's population.

Location: Yangariq district centre, Khorezm region

Area: Rural

Ammount allocated: 6 874 UZS'm

Eligible category: Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Newly built drinking water networks: 25.11 km with new pumping station

Impacts

Number of additional people covered with clean drinking water and sanitary facilities: 16 856

Volume of clean drinking water supplied to the population since the project started till June 1, 2024 (m.cub): 1 360 000



Case Study 12 - Providing clean drinking water in Guzor district

Project Summary: Construction of a main drinking water pipeline from the water distribution branch "Yangiabad" to the pumping station "Batosh" in Guzor district

Location: Guzor district, Kashkadarya region

Area: Rural

Ammount allocated: 10 470 UZS'm

Eligible category: Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Newly built drinking water networks: 4.00 km

Impacts

Number of additional people covered with clean drinking water and sanitary facilities: 4 900

Volume of clean drinking water supplied to the population since the project started till June 1, 2024 (m.cub): 1 998 825

Case Study 13 - Providing clean drinking water in Buvaida district, Fergana region

Project Summary: Construction of drinking water system in Ingirchok and Khanabad neighbourhoods of Buvaida district in Fergana region

Location: Buvaida district, Fergana region

Area: Rural

Ammount allocated: 1 398 UZS'm

Eligible category: Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Newly built drinking water networks: 4.12 km with pumping station and water tower

Impacts

Number of additional people covered with clean drinking water and sanitary facilities: 7 450

Volume of clean drinking water supplied to the population since the project started till June 1, 2024 (m.cub): 1 331 500

Case Study 14 – Sewage facilities in Andijan district

Project Summary: Reconstruction of sewage pumping station and sewage collector in Andijan district Andijan region

Location: Andijan district, Andijan region

Area: Rural

Ammount allocated: 3 025 UZS'm

Eligible category: Sustainable Water Supply and Waste-Water Management and Flood Defence Systems

Eligible expenditure: Investment Expenditure – Capital Investment (Reconstruction)

Outputs

Repaired sewage networks: 3.0 km with sewage pumping station and sewage collector

Impacts

Number of people with improved drinking water and sanitary facilities: 6 850

Volume of treated wastewater since the project started till June 1, 2024 (m.cub): 900 000

Table 25 SDG Indicators Targeted by Clean Water and Sewage Networks Case Studies

SDG Indicators	Description
6.1.1	Proportion of population using safely managed drinking water services
6.2.1.1	Proportion of population using safely managed sanitation services and a hand-washing facility with soap and water
6.2.1.2	Proportion of population covered by centralized sewerage system
6.3.1	Proportion of wastewater safely treated
6.5.1	Degree of integrated water resources management
6.6.1	Change in the extent of water-related ecosystems over time
6.b.1	Proportion of local administrative units with established and operational policies and procedures for ensuring local community participation in water and sanitation management

SDG 9 – Industry, Innovation and Infrastructure

Case Study 15 – Tashkent City Metro

Project Summary

Table 26 Summary of Tashkent City Metro project

Project	Overground / underground	Link with other lines of existing underground system	Quantity of stations	Length of lines in km
Yunusabad line of Tashkent underground metro system	Underground	Yes, it is a continuation of existing Yunusobod line of Tashkent underground railway system. Two new stations of the line have been built within the framework of project.	2	2.90
Sergeli overground line of Tashkent underground metro system	Overground	Yes, it is connected to the existing Chilonzor line of Tashkent underground railway system. New Sergeli line, which is overground, consists of 5 new stations.	5	6.20
Tashkent overground loop metro line	Overground	Yes, it is connected to the new Sergeli line of Tashkent underground railway system. Tashkent overground railway consists of 14 new stations.	14	24.00
Total			**21**	**33.10**

Source: Ministry of Economy and Finance

Description: The purpose of this project is to comprehensively improve the existing transport infrastructure of Tashkent city and increase its capacity.

The intention is to connect the elevated metro line to the main access roads of the capital and reduce the load on the urban road infrastructure. This then has the secondary benefit of reducing negative impacts on the environment.

The project's main goal is to improve the city's existing transport infrastructure in all aspects and provide world-class passenger comfort. By 2030, the project will provide access to safe,

affordable, convenient and environmentally sustainable means of transport for everyone, based on the expansion of access to public transport. The new transport service will pay special attention to the needs of socially vulnerable populations.

The assessment of the environmental impact of the construction of the new ring metro line in Tashkent showed that the area where the line passes through is a moderately-polluted zone, in terms of levels of pollution of atmospheric air, soil and underground water. Over time, the availability of a metro line will reduce dependence on cars and increase air quality in local areas.

Impact: The project, which dominates allocation within the transport theme, involves construction of a 24 km long overground ring metro line in Tashkent city, at the cost of UZS 922 068 million. The project is designed to reduce the significant gap between existing urban transport infrastructure, and a future efficient urban passenger transport system. The upgraded system has the expanded capacity able to support around 160 284 passengers daily.

In terms of socio-economic aspects, the project will demonstrate its payback within 28-29 years. The project's direct economic benefits during this period are expected to be:

- US$ 15 060 900 from tax payments by the project.
- US$ 72 041 600 from savings on traction by replacing bus fuel (natural gas) with electric traction (metro).
- US$ 334 740 000 generated from reducing costs of the public bus fleet's renewal and expansion.

There are also social and economic benefits which come from the construction of the new overground metro line. The project has demonstrated a significant employment effect within Tashkent city. During the project's payback period, total wages paid to employees are expected to amount to approximately US$ 82 549 200. Furthermore, the new infrastructure is expected to generate savings for some city residents who will no longer need to transfer between transport types throughout their journeys. The estimated amount of savings generated as a result is expected to be approximately the equivalent of US$ 53 416 400.

Location: Tashkent City

Area: Urban

Amount allocated: 1 349 782 UZS'm

Eligible category: Delivery of Essential and Clean Transportation Services

Eligible expenditure: Investment Expenditure – Capital Investments (Construction)

Outputs

Table 27 Outputs of Tashkent City Metro project

Project	Average number of passengers served (daily)	Travel time saving
Yunusabad line of Tashkent underground metro system	17 850	At least two times in comparison with on-land transport during rush hour
Sergeli overground line of Tashkent underground metro system	35 000	At least two times in comparison with on-land transport during rush hour
Tashkent overground loop metro line	160 284	At least two times in comparison with on-land transport during rush hour
Total	**213 134**	

Source: Ministry of Economy and Finance

Impacts: estimation of avoided GHG emission between 620 to 1 086 ton. daily.

Table 28 SDG Indicators Targeted by Transport Case Studies

SDG Indicators	Description
9.1.2	Passenger and freight volumes, by mode of transport
9.4.1	CO2 emissions per unit of value added
11.2.1	Proportion of population that has convenient access to public transport, disaggregated by sex, age and disability
11.6.2	Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted)
13.2.2	Total greenhouse gas emissions per year

CHALLENGES AND LESSONS LEARNED

Uzbekistan's 2021 Sustainable Development Goals (SDG) bond issuance presented several challenges and lessons:

Challenges

Market Familiarity: As a relatively new entrant in the SDG bond market, Uzbekistan faced the challenge of gaining investor confidence and familiarity with its economic and governance structures.

Regulatory Framework: Establishing a robust regulatory and reporting framework to ensure transparency and accountability in the use of proceeds was crucial.

Economic Conditions: The global economic environment, including the impacts of the COVID-19 pandemic, posed additional risks and uncertainties for investors.

Sustainability Metrics: Defining and measuring the impact of the projects funded by the SDG bonds required clear and credible sustainability metrics.

Lessons learned

Investor Engagement: Effective communication and engagement with investors are essential to build trust and attract investment. This includes providing detailed information on how the funds will be used and the expected impact.

Transparency and Reporting: Establishing clear reporting standards and regular updates on the use of proceeds and project outcomes can enhance credibility and investor confidence.

Collaboration with International Bodies: Partnering with international financial institutions and development organizations can provide technical assistance and enhance the credibility of the bond issuance.

Focus on Impact: Clearly linking the bond proceeds to specific SDG targets and demonstrating the tangible impact of funded projects can attract socially responsible investors.

Economic Diversification: Using the proceeds to fund projects that diversify the economy and promote sustainable development can help mitigate economic risks and enhance long-term stability.

By addressing these challenges and applying these lessons, Uzbekistan can improve future SDG bond issuances and contribute to sustainable development goals more effectively.

FUTURE OUTLOOK

In 2021, Uzbekistan issued its first Sustainable Development Goals (SDG) Bond, marking a significant step in the country's commitment to sustainable development and attracting international investment. This brings with it several implications for the future of Uzbekistan's financing strategy. Here's a brief outlook on the future implications of this bond issuance:

Sustainable Development: The bond funded various projects aligned with the UN's Sustainable Development Goals, accelerating Uzbekistan's progress in areas such as education, healthcare, and environmental protection. The verification of this progress with the first issuance of an SDG Bond, further raised these expectations in future issuances. These were partially realized with the first issuance of Green Bonds by the country in 2023 raising an amount of UZS 4.25 trillion, and with a second issuance of SDG Bonds in 2024 raising an amount of EUR 600 million.

International Investment: The successful issuance of the 2021 SDG Bond attracted more foreign investors, leading to increased capital inflows and economic growth in Uzbekistan, as can be seen by the results of the country's thematic bond issuances in 2023 and 2024.

Market Credibility: This bond issuance enhanced Uzbekistan's credibility in international financial markets, which lead to improved credit ratings and lower borrowing costs in subsequent issuances.

Sustainable Finance: The 2021 SDG Bond issuance established a precedent for current and future green and sustainable finance initiatives in Uzbekistan, encouraging more socially and environmentally friendly investments.

Economic Reforms: The bond issuance was part of broader economic reforms in Uzbekistan, signalling the country's commitment to modernization and integration into global financial markets.

Transparency: To maintain investor confidence, Uzbekistan showed uninterruptedly efforts for transparency in the use of funds and progress on SDG-related projects, which leaded to improve its governance practices.

This outlook suggests that the 2021 SDG Bond issuance had positive short-term effects and will have positive long-term effects on Uzbekistan's economic development and sustainability efforts, showing that the country effectively managed the funds and implemented the intended projects.

CONCLUSION

The Uzbekistan July 2021 SDG Bond Final Allocation and Impact Report demonstrates the country's commitment to sustainable development and its efforts to align financial investments with the United Nations Sustainable Development Goals. This final report showcases the allocation of funds raised through the SDG Bond issuance and highlights the tangible impacts achieved across various sectors.

Key Achievements:

1. *Successful allocation of net proceeds:* The report indicates that the net proceeds from the SDG Bond have been efficiently allocated to Eligible Expenditures across multiple sectors, including education, healthcare and green infrastructure.

2. *Alignment with SDGs:* The funded projects show a clear alignment with several SDGs, particularly in areas such as quality education (SDG 4), good health and well-being (SDG 3), clean water and sanitation (SDG 6) and industry, innovation and infrastructure (SDG 9).

3. *Transparency and accountability:* The detailed breakdown of fund allocation and impact metrics demonstrates Uzbekistan's commitment to transparency in reporting and accountability to investors and stakeholders.

4. *Positive social and environmental impacts:* The report highlights significant progress in areas such as improved access to education, enhanced healthcare facilities, upgraded water and sanitation infrastructure and increased green transportation services.

5. *Economic benefits:* The investments have contributed to job creation, skills development, and overall economic growth, supporting Uzbekistan's transition towards a more sustainable and inclusive economy.

Areas for Improvement:

1. *Data collection and measurement:* While the report provides valuable insights, there is room for improvement in data collection methodologies and impact measurement techniques to ensure more comprehensive and accurate reporting in future iterations.

2. *Capacity building:* The Government of Uzbekistan could benefit from further capacity building in Green, SDG and ESG-related regulatory and reporting frameworks.

3. *Long-term sustainability:* The report could benefit from a more detailed discussion on the long-term sustainability of the funded projects and their potential to create lasting positive change beyond the initial investment period.

4. *Stakeholder engagement:* Future reports could include more information on stakeholder engagement processes and how feedback from beneficiaries and local communities is incorporated into project design and implementation.

5. *Climate resilience:* Given the increasing importance of climate change adaptation, future allocations and reports could place greater emphasis on projects that enhance Uzbekistan's resilience to climate-related risks.

Looking Ahead:

The Uzbekistan July 2021 SDG Bond Final Allocation and Impact Report marks a significant milestone in the country's journey towards sustainable development. It sets a strong foundation for future sustainable finance initiatives and demonstrates Uzbekistan's potential to become a regional leader in SDG-aligned investments.

Moving forward, the Government of Uzbekistan should consider the following recommendations:

1. *Expand the scope:* Consider broadening the range of SDGs addressed in future bond issuances to cover additional areas of sustainable development.

2. *Enhance impact measurement:* Invest in more sophisticated impact measurement tools and methodologies to provide even more detailed and accurate reporting on the outcomes of funded projects.

3. *Promote knowledge sharing:* Share best practices and lessons learned from this initiative with other countries in the region to encourage similar sustainable finance efforts.

4. *Strengthen partnerships:* Continue to foster partnerships with international organizations, private sector entities, and civil society to leverage additional resources and expertise for SDG implementation.

5. *Integrate with national development strategies:* Ensure that future SDG bond allocations are closely aligned with Uzbekistan's broader national development strategies and long-term sustainability goals.

In conclusion, the Uzbekistan July 2021 SDG Bond Final Allocation and Impact Report represents a commendable effort in channelling financial resources towards sustainable development. By addressing the identified areas for improvement and building on its successes, Uzbekistan can further strengthen its position as a committed player in the global effort to achieve the SDGs by 2030. This report serves as a valuable tool for investors, policymakers and other stakeholders to assess the progress made and inform future decision-making in sustainable finance and development initiatives in Uzbekistan.

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